



The Power of Experience®

Corporate Treasurers' Executive Briefing: Regulatory and Economic Impact on Treasury

July 20, 2010

Cathryn R. Gregg, Partner

312-443-0840

Cathy_Gregg@TreasuryStrategies.com

Anthony J. Carfang, Partner

312-443-0840

Tony_Carfang@TreasuryStrategies.com

Logistics

Questions:



Recording & PowerPoint:

A copy of the presentation and link to the recording will be sent to all registered participants in a few business days.

Overview



The Power of Experience®

The Corporate Treasurer’s Executive Briefing Series will help you

- Get grounding in the issues
- Make sense of the issues and establish clear direction
- Capitalize on opportunities created by uncertainty

The Series includes three webinars, each thirty minutes long

July 20 Regulatory and Economic Impact on
Corporate Treasury

August 10 Treasury 3.0 & the Financial Nerve Center

August 24 Retooling for Recovery – Taking Proactive
Control of the Situation

Regulatory Themes



The Power of Experience®

Key Global Themes

- Re-intermediation
- Liquidity buffers
- Capital requirements
- Collateral requirements
- Reporting requirements

Selected Topics

- Money market fund 2a-7 regulations
- Interest on business checking
- Deposit insurance / TAG program
- OTC derivatives / collateral
- Volcker's influence
- IFRS accounting standards
- Basel II and III
- European bank stress tests
- Individual Liquidity Adequacy Standards
- Interest on reserves
- Term Deposit Facility
- Fees on daylight overdrafts
- Regulations on consumer revolving credit
- Interchange fees on card
- Same day settlement ACH
- SEPA

Overview

Massive, intrusive and global

Creates additional uncertainty

Likely consequences are higher costs and fewer options

Regulatory Themes



The Power of Experience®

Key Global Themes

- Re-intermediation
- Liquidity buffers
- Capital requirements
- Collateral requirements
- Reporting requirements

Selected Topics

- Money market fund 2a-7 regulations
- Interest on business checking
- Deposit insurance / TAG program
- OTC derivatives / collateral
- Volcker's influence
- IFRS accounting standards
- Basel II and III
- European bank stress tests
- Individual Liquidity Adequacy Standards
- Interest on reserves
- Term Deposit Facility
- Fees on daylight overdrafts
- Regulations on consumer revolving credit
- Interchange fees on card
- Same day settlement ACH
- SEPA

Review of Specific Regulatory & Economic Topics

Money market fund regulations

- Shorter maturities
- Limitations on commercial paper holdings
- Fluctuating net asset value
- Europe adopts a two tier money fund scheme

Interest on business checking

- Higher cost of funds for banks
- Higher service fees for corporations
- More complex rate and ECR structures
- Regulatory irony

Deposit insurance / TAG program / Pan-EU insurance

- Higher coverage through 2013
- Optional insurance
- “Club Fed”

Review of Specific Regulatory & Economic Topics

OTC derivatives

- Exchanges
- Collateral, capital requirements
- Increased hedging costs

Volcker's influence

- Turn back the banking clock to 1970
- Who needs money funds?
- Let's end bank proprietary trading

International Financial Reporting Standards

- SEC may mandate switch from U.S. GAAP to IFRS by 2014
- Switching costs
- Incremental intermediate steps

Review of Specific Regulatory & Economic Topics

Basel II and III

- Higher capital requirements
- Bigger risk haircuts
- Push to longer term funding

European bank stress tests

- The transparency debate
- Market uncertainty
- How will they value sovereign debt holdings?

Individual Liquidity Adequacy Standards (U.K.)

- Liquidity buffers
- Reporting requirements

Review of Specific Regulatory & Economic Topics

Interest on reserves

- Balloons the Fed's balance sheet
- Crowds out private sector
- Alters normal funds flow in the interbank market

Term Deposit Facility

- Even higher interest on reserves
- Fed competes directly against private high quality borrowers
- Extends beyond the overnight market

Fees on daylight overdrafts

- May reduce intra-day liquidity
- May cause banks to slow the release of customer wires
- Possibility of funds transfer gridlock
- Higher bank fees

Review of Specific Regulatory & Economic Topics

Regulations on consumer revolving credit

- New restrictions on most companies dealing with consumers
- Reporting and disclosure requirements

Card regulation

- New gift cards guidelines
- Debit interchange caps - \$6B lost bank revenue

Same day settlement ACH

- Electronic transactions may “clear as fast as paper checks”
- Payment system efficiency improvements
- Fed competes against private sector Clearing House

SEPA

- Convergence delays
- ECB must address both corporate and bank concerns

Summary



The Power of Experience®

- Regulatory changes are massive, intrusive and global
- Major impact on financial markets and corporate treasury
- Serious unintended consequences
- Just a sampling of the items that should be on your radar

Join the next two briefings to continue preparing for this regulatory onslaught

August 10 Treasury 3.0 & the Financial Nerve Center

August 24 Retooling for Recovery – Taking Proactive Control of the Situation

Exit Poll



The Power of Experience®

Which items below do you want to hear more about in our upcoming briefings?
Check as many as you wish.

- Money market fund 2a-7 regulations
- Interest on business checking
- Deposit insurance / TAG program
- OTC derivatives / collateral
- Volcker's influence
- IFRS accounting standards
- Basel II and III
- European bank stress tests
- Individual Liquidity Adequacy Standards
- Interest on reserves
- Term Deposit Facility
- Fees on daylight overdrafts
- Regulations on consumer revolving credit
- Interchange fees on card
- Same day settlement ACH
- SEPA

About Treasury Strategies, Inc.



The Power of Experience®

Who We Are

Treasury Strategies, Inc. is the leading treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions.

What We Do

Corporations

We help you maximize worldwide treasury performance and navigate regulatory and payment system changes through a focus on best practices, technology, liquidity and controls.


Treasury Technology


We provide guidance through every step of the technology process. Our expert approach will uncover opportunities to optimize the value of your treasury through fully integrated technology solutions.

Financial Services

Our experience, analytic approach and benchmarks provide unique consulting solutions to help you strengthen and grow your business.



 www.TreasuryStrategies.com/networking/netCommunity.htm

 @TreasuryStrat